

# Procure-to-Pay Capability Summary

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**SUBJECT:** Pre-Award Funds Validation Results Schema

**BACKGROUND:** DoD Comptroller policy requires an automated pre-award validation of funds between the contracting office and the relevant accounting system prior to contract award (this is also known as funds validation, funds check, or Handshake 2). The Pre-Award Funds Validation Results Schema is a system-agnostic data standard that supports the standard funds validation process. It is intended to be used by accounting systems to return an automated response to contract writing system(s) when asked if funds are available and suitable to be obligated for a given contract. The schema includes an enterprise-wide standard set of error codes; each DoD service and agency contributed to the standard list.

**POLICY:** DoD Financial Management Regulation Chapter 3, Volume 8 requires an automated pre-award validation of funds to ensure that: 1) the goods and services procured under the contract align with the purpose for which funds were committed and certified by the Authorizing Official as available, and 2) that the funds are suitable for the intended purpose. An August 2018 Comptroller memo published the standard error code list for the Pre-Award Funds Validation Response Schema; a joint DPC/Comptroller memo established the Standard Operating Procedure for Handshake 2 (inclusive of the response schema) in March 2019.

**INFORMATION TECHNOLOGY INFRASTRUCTURE:** Defense Pricing and Contracting and Defense Comptroller partnered with the Defense Logistics Agency to use their Global EXchange (GEX) service to route and perform business rules validations on these transactions. The process is initiated when the contract writing system sends PDS files in "Funds Certification" status to GEX for pre-award funds validation. GEX sends the PDS file to each accounting system identified by an active Agency Accounting Identifier (AAI) in the transaction. The accounting system sends the Pre-Award Funds Validation Results Schema to GEX for validation. GEX translates the results into a standard PDS Validation Response Schema and provides it back to the contract writing system for review.

**DATA STANDARDS:** This schema is an XML-based, non-proprietary data standard available at [https://www.acq.osd.mil/dpap/pdi/p2p/handshake\\_2\\_pre-award\\_funds\\_validation.html](https://www.acq.osd.mil/dpap/pdi/p2p/handshake_2_pre-award_funds_validation.html). Standard error codes and messages have been developed that are a companion to, and intended to be used within, the schema. When routed via the GEX, the schema is converted into the Procurement Data Standard Validation Results schema prior to being sent on to the contract writing system(s).

**IMPACT:** This standard will assist the Department in avoiding Anti-Deficiency Act violations, support auditability (improved traceability between commitment and award line items), and increase the ability to electronically post contracts/contract obligations into accounting systems (improved end-to-end operability).

**CONTACT:** Erica Thomas, OUSD(Comptroller), at (703) 697-6419, [Erica.e.thomas.civ@mail.mil](mailto:Erica.e.thomas.civ@mail.mil)